

# Rev-A-News

*Our DOR is always open to you.*

## Montana Homeowners to Receive Property Tax Refunds

On Friday (August 24), the Montana Department of Revenue will mail personalized application forms to about 270,000 Montana residential property owners who may qualify for a \$400 property tax refund.

We are encouraging electronic filing of the application form for the fastest refund. An online application form, which is electronically filed, will be available on our website at [mt.gov/revenue](http://mt.gov/revenue) beginning on Monday (August 27).

"If you file your refund claim electronically, we will be able to process it in a matter of days," said revenue director Dan Bucks. "Due to high volumes, applications filed on paper forms will take longer."

Other locations where an application form can be found include courthouses and libraries. There also is a printable version of the form on the department's website.

We will begin processing applications on August 27.

The 2007 Montana Legislature passed the law to refund up to \$400 of property taxes paid in 2006 for a property owner's principal residence, subject to certain qualifications. The refunds are expected to provide nearly \$100 million in property tax relief to residential homeowners.

To qualify for the refund, a Montana property owner must meet the statutory requirements. Under the requirements, the property owner must have:

- Been the owner of residential property in 2006.
- Lived in the property as a principal residence for at least 7 months during 2006.
- Paid property taxes on the principal residence in 2006.

Provisions in the law allow members of family farm and ranch corporations who own at least 20% of the corporation to qualify, if they meet the residency requirement.

We expect most property owners to qualify for a full \$400 tax refund. To do so, the property owner must have paid at least \$400 in property taxes in tax year 2006. Exceptions under the law allow a property owner to add property taxes paid in 2005 and 2004 to meet the \$400 refund amount, if the property taxes on the principal residence were less than \$400 in 2006.

Homeowners who paid less than \$400 in combined property taxes on the principal residence in 2006, 2005 and 2004 may claim a refund for the amount of property taxes that were paid.

For more information, please visit our website at [mt.gov/revenue](http://mt.gov/revenue).

## Fire-related Tax Relief and Assistance

*Owners of fire-impacted property, forestlands may qualify for property tax relief*

Montana property owners whose homes or forestlands burned during this summer's wildfire season may be eligible for significant property tax relief.

"Our hearts go out to those Montanans whose homes, lands and other property have been damaged or destroyed by this year's wildfires," said Governor Brian Schweitzer. "We want them to know that we can provide some relief on their upcoming property tax bill."

A property owner whose home or outbuildings were partially or totally destroyed by wildfire, rendering the property unsuitable for its previous use, may be eligible for property tax relief. The tax relief is prorated based on the number of days in the tax year that the property was unusable. The relief is available for the current tax year. Property owners must complete Form AB-25 to apply for the property tax relief. Property owners are encouraged to complete the application form by the end of the year, to ensure that the property's taxable value can be adjusted by the next tax billing cycle.

In addition, a forestland owner whose standing timber has been destroyed by wildfire during 2007 will receive a 50% reduction in the assessed value for 20 years beginning with the 2008 tax year. The land impacted by the wildfire must have been classified as commercial forestland by the Department of Revenue prior to the loss. Forestland owners must complete Form AB-26. The AB-26 can be completed at any time following the loss. However, to be eligible for a reduction on the 2008 tax bill, the forestland owner must complete and submit Form AB-26 by the first Monday in June of 2008, or within 30 days of receipt of the 2008 property tax assessment, whichever is later.

Both Form AB-25 and Form AB-26 are available at all Department of Revenue local offices. The forms also can be downloaded from the department's website at [mt.gov/revenue](http://mt.gov/revenue).

"This tax relief is significant for affected property owners," said revenue director Dan Bucks. "It will assist Montanans in recovering after a devastating wildfire season."

Montana property owners who experience a fire-related loss of a dwelling also may be eligible for a state income tax deduction for casualty losses, if they itemize deductions. Casualty losses result from destruction of, or damage to, a property from any sudden, unexpected, and unusual event. The property owner needs to complete federal Form 4684, Casualties and Thefts, and submit the form along with his or her 2007 Montana individual income tax return.

In many cases, Montana property owners also may be eligible for a 2007 federal income tax casualty loss deduction. Additional information is available by visiting the Internal Revenue Service website, [www.irs.gov/](http://www.irs.gov/) and typing "Tax Topic 507" in the search box.

The department also can issue replacement copies of property records, past-year tax returns or other revenue-related information that is lost in a wildfire.

Property owners impacted by this summer's wildfires are encouraged to contact their local Department of Revenue office for assistance on property tax relief and to call Deborah Hall, income tax specialist, at (406) 444-3542 for questions about income tax deductions for casualty losses.

For more information, please visit the department's website at [mt.gov/revenue](http://mt.gov/revenue).

## **Classification of Certain "Little Cigars" as Cigarettes**

Effective July 1, 2007, some little cigars—because of their appearance and characteristics—are now classified as cigarettes.

Administrative Rules of Montana 42.31.206, 42.31.207, and 42.31.208 clarify that certain little cigars are considered cigarettes for the Youth Access to Tobacco Products Control Act and the taxation of tobacco products in Montana. These rules also establish the criteria and process the department will use to identify which little cigars are cigarettes for the Youth Access Act and for tax purposes, and how to contest and request a judicial review of this determination. The rules were adopted and certified by the Secretary of State on January 16, 2007.

The rules impacted such little cigar brands as (but not limited to) Blackstone, Captain Black, Dark Horse, Dean's, Hats Off, Muriel, Prime Time, Red Buck, Rojo, Swisher Sweet Little Cigars, and Winchester.

A notice and supporting materials were mailed to all tobacco manufacturers, wholesalers, subjobbers and retailers in mid-June to ensure that it is clear how we intend to implement these new rules. Here is the process that we followed:

- A retailer who had in their possession any product included on the department's list of little cigars classified as cigarettes and who could prove that 1) the product was purchased prior to June 18, 2007; and 2) they had not ordered or purchased any listed product that did not meet the requirements of the new rules after June 18, 2007, had until July 18, 2007 to dispose of the product.
- A retailer who was unable to dispose of the listed product by July 18, 2007 could request an additional period of time not to exceed two weeks in which to dispose of the product. All listed products in the possession of an individual or entity that was granted additional disposal time had to be disposed of by no later than July 31, 2007; otherwise, the product was considered contraband and was subject to immediate seizure.

Any listed product that did not meet the requirements of the new rules and was purchased after June 18, 2007, and not sold prior to July 1, 2007, was considered contraband and was subject to immediate seizure.

Future determinations by the department under the new administrative rules are effective immediately upon publication. We will not allow time to sell off existing inventory for future determinations. Therefore, if you wish to sell a product that is not on the list, but that you suspect might be in the future, please contact us about that product.

We ask you to periodically check our website at [mt.gov/revenue](http://mt.gov/revenue) for the most current list of little cigars that are classified as cigarettes. This list will be updated as new products are identified.

For more information, please call Jim McKeon, Miscellaneous Tax Unit Manager at (406) 444-1940 or send an e-mail message to [jmckeon@mt.gov](mailto:jmckeon@mt.gov).

## **Do You Have Lost Treasure in Montana?**

Safe deposit box contents. Uncashed checks. Utility deposits. Forgotten stocks and bonds.

These are just a few examples of unclaimed property. Under Montana's Uniform Unclaimed Property Act, we are responsible for assisting rightful owners to find unclaimed intangible personal property that's been turned over to the state. Montana is considered a "custodial state" and holds such property on behalf of the owners of lost or abandoned property.

"We are pleased when we can return property to its rightful owner," said revenue director Dan Bucks.

The unclaimed property handled by the department includes, but is not limited to, money, uncashed checks, state warrants, utility deposits, interest dividends or income, safe deposit box contents, credit balances, savings and checking accounts, customer overpayments, gift certificates, uncashed payroll checks, unidentified remittances, stocks, bonds and uncashed traveler's checks.

Last year, we returned more than \$1.1 million dollars worth of property to its owners.

There are some common reasons a person may lose touch with his or her property:

- There is a death and the heirs of the estate are unaware of all assets.
- A person relocates and doesn't provide a new address.
- A person is unaware of the unclaimed property laws that require accounts be kept active and up to date.
- An account is held in trust for a minor and forgotten.
- Savings bonds purchased for grandchildren are placed in the grandparents' safe deposit box and forgotten.

Perhaps you are now wondering if you may have "lost" something. So how do you find out? There are two easy ways to conduct a search. Ask us to conduct a search for you, or conduct the search online yourself.

If you want us to conduct a search for you, simply call (406) 444-6900 to start the process. A search will be conducted on the department's computer system to determine if you have any unclaimed property. If you do, we will mail you a pre-populated claim form and a check list of the documentation that is required to process your claim. Remitting the documentation identified on the check list along with your signed and notarized claim form will expedite the processing of your claim by the department.

If you want to conduct the search online yourself, the best place to find Montana's unclaimed property is in the Web database of [MissingMoney.com](http://MissingMoney.com). MissingMoney.com is a free national search engine that locates consumers' lost assets and unclaimed property. Unclaimed property listings from more than 30 states and the District of Columbia are available for search on the site.

If you have questions about unclaimed property or need assistance, please call us at (406) 444-6900.

### **Federal Treasury Offset Program Helps Collect Montana Income Tax Debts**

Through the first half of 2007, our Accounts Receivable and Collections Bureau collected about \$725,000 using the Internal Revenue Service's Treasury Offset Program (TOP).

Under this program, we submit Montana taxpayer's individual income tax debts to the IRS's Federal Management Agency. The agency then offsets the federal income tax refunds of these Montana debtors and submits the money to us for payment of the delinquent state tax liabilities.

### **Online Tax Calculator Helps Employers with Garnishment of Wages**

We recently developed an online tax calculator designed to help an employer figure out how much money to garnish from an employee's paycheck for a wage levy. The calculator also may be useful to verify that the correct amount is being withheld from the paychecks of an employee whose wages already are being garnished.

The calculator can be found on the department's website at [mt.gov/revenue](http://mt.gov/revenue), under Forms & Resources, Downloadable Forms Current Year, Withholding Forms. Look for the form, titled "Garnishment Form for Wage Levies," at the bottom of the Withholding Forms list.

### **Department Director wins Prestigious National Award**

Revenue Director Dan Bucks has been named the 2007 recipient of the Wade Anderson Memorial Medal for Leadership in Interstate Tax Cooperation. The medal is awarded jointly by the Multistate Tax Commission (MTC) and the Federation of Tax Administrators (FTA) and was presented by Texas Comptroller Susan Combs at the FTA Annual Meeting, on Thursday, June 11, in Chicago.

Dan previously served for almost two decades as the executive director of the Multistate Tax Commission. Dan's years of dedication to interstate cooperation yielded a productive working relationship with organizations such as the National Governors Association and the IRS and enhanced communication with taxpayer organizations. He brought states together to fight Congressional preemption of state taxation authority. He is perhaps best known, however, for his work to develop uniform policies and laws among the states to minimize corporate interstate tax avoidance.

The selection committee praised Bucks' career as a shining example of the cooperation among agencies that Wade Anderson spent his professional life promoting.

In announcing the award, Susan Combs, Texas Comptroller, said, "Dan Bucks has worked tirelessly to resolve differences and promote unity and cooperation among the states to develop more consistent, transparent tax policies that will help all states adapt to rapidly-changing business and commerce. Wade Anderson knew Dan Bucks as a colleague and a friend, and he would be delighted that Dan is receiving this award."

**About the award.** The medal honors Wade Anderson, who spent 30 years in a variety of positions with the Texas Comptroller of Public Accounts and also served several more years as a tax attorney in the private sector. He was a founding member of the Border States Caucus of tax agencies in states along the U.S.-Mexico border and served as member of the boards of the Federation of Tax Administrators and the Multistate Tax Commission. In 1992, he was the winner of the FTA Award for Outstanding Service and Leadership. The Wade Anderson Memorial Medal was established after his death in 2003 to commemorate his tireless and creative efforts to promote interstate cooperation among tax agencies and between tax administrators and taxpayers. The award will be given annually to an individual who best exemplifies his commitment to interstate cooperation to promote fairness, simplicity and consistency in state tax administration.

Medal winners are be chosen by representatives of the FTA Board of Trustees and the MTC Executive Committee, selected from nominations submitted by state tax agency employees. The award presentation alternates between the MTC annual meeting and the FTA annual meeting.

**About the organizations.** The Federation of Tax Administrators is an association of the state tax agencies in the 50 states, District of Columbia, New York City and Puerto Rico with principal programs in information exchange, training and intergovernmental coordination. The Multistate Tax Commission is an organization of state governments that works with taxpayers to administer, equitably and efficiently, tax laws that apply to multistate and multinational enterprises.